

Message Text

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44

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 IGA-02

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R 100930Z MAR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4550

LIMITED OFFICIAL USE NEW DELHI 3604

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: DEBT ARREARAGES ON USG LOANS AND CREDITS

REF: STATE 048504

1. VERY MUCH APPRECIATE INFORMATION CONTAINED REFTEL
AND LOOK FORWARD TO RECEIVING MATERIAL WHICH WOULD
PERMIT US TO PURSUE ANY EXISTING ARREARAGES.

2. WITH RESPECT LENDLEASE QUESTION, WE HAVE SCATTERED
DOCUMENTS DATING BACK TO MID-1950S AND CAN FIND NO
EVIDENCE THAT USG EVER RAISED IN NEW DELHI ANY CLAIMS
OTHER THAN THOSE COVERED BY JANUARY 24, 1974 SETTLEMENT. WE
HAVE REVIEWED THE MATERIAL POUCHED TO US BY NEA/INS ON
WASHINGTON DISCUSSIONS OF THIS MATTER. APPARENTLY
THERE HAVE ALSO BEEN NO DISCUSSIONS IN WASHINGTON SINCE
1968 WHEN AN IMPASSE IN NEGOTIATIONS DEVELOPED. WE
ARE IN NO POSITION,
EVEN WITH THE BENEFIT OF THE 1968 MATERIAL,

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TO MAKE ANY JUDGMENT ON THE MERITS OF THE

USG CLAIM OR THE EVEN LARGER GOI COUNTER-CLAIM.
WE DO KNOW THAT IT IS EXTREMELY UNLIKELY THAT THE GOI
WOULD BE PREPARED TO ACCEPT THE USG CLAIM AT THIS LATE
DATE. AS WE NOTED IN EARLIER REPORTING, MOST OF THE
MATERIAL ON THIS SUBJECT HAS BEEN LOST BY THE MINISTRY
OF LAW AND ITPZMAS ONLY WITH EXTREME DIFFICULTY IN
CONNECTION WITH THE RUPEE AGREEMENT THAT A SETTLEMENT
OF LEND LEASE MATTERS COULD BE NEGOTIATED. THE GOI
WOULD CERTAINLY BE CORRECT IN POINTING OUT THAT WE
HAVE NOT
RAISED THIS MATTER FOR EIGHT YEARS AND
COULD TAKE THE POSITION THAT BY FAILING AGAIN TO RAISE
THIS MATTER DURING THE RECENT LEND LEASE TALKS, WE HAVE
TACTITLY AGREED TO DROPPING OUR CLAIM.

3. WHILE THE DEPARTMENT IS IN A BETTER POSITION TO WEIGH
THE ABOVE AND OTHER CONSIDERATIONS IN THIS MATTER, WE
WOULD RECOMMEND THAT, IF POSSIBLE, THIS MATTER BE
CLOSED BY AN EXCHANGE OF LETTERS WHEREBY BOTH
GOVERNMENTS SHIVE UP THEIR CLAIMS AGAINST EACH OTHER.
THE OTHER ALTERNATIVE, THE MAINTENANCE BUT NON-PURSUIT
OF THE USG CLAIM, WOULD APPEAR TO BE A NEEDLESS
SOURCE OF FRICTION WHICH IS BOUND TO ARISE PERIODICALLY
IN REPORTS TO CONGRESS AND IN NAC CONSIDERATION OF
INTERNATIONAL FINANCIAL TRANSACTIONS AFFECTING INDIA.

4. THE ABOVE RECOMMENDATION RELATES ONLY TO THE LEND
LEASE MATTER AND NOT TO OTHER USG CLAIMS. WE ARE
PREPARED TO PURSUE THESE CLAIMS PROVIDED ADEQUATE
DOCUMENTATION CAN BE FURNISHED.
SAXBE

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Margaret P. Grafeld
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